

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF BOMET

COUNTY TREASURY

BUDGET IMPLEMENTATION REPORT

FOR FINANCIAL YEAR 2022/2023 (Q1)

OCTOBER 2022

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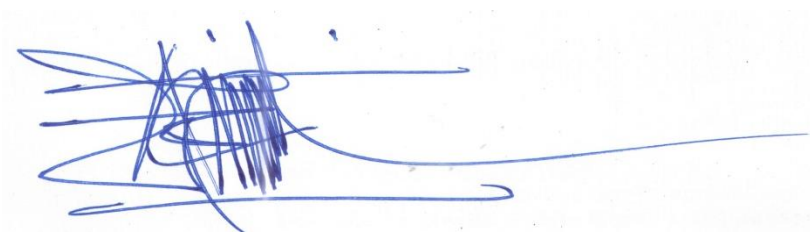
PREFACE

The first quarter of the year report fulfils the county's obligation under section 166 of the Public finance Management Act to prepare and publish quarterly budget implementation reports. The law specifies that these reports shall contain both financial and non-financial information. This is the first report in the financial year 2022/2023 and presents information on budget performance by the departments at the beginning of the of the financial year 2022-2023. Information on budget performance is presented on aggregate and on individual department performance. The report provides details about revenue, expenditure, and capital projects. The information is provided at the program and subprogram level in a format that is in consistent with the approved budget estimates.

The county approved budget for FY2022/2023 was Kshs. 8.287 billion, comprising of Kshs. 5.8 billion and Kshs. 2.4 billion allocation to recurrent and development expenditure respectively.

The total payments during the reporting period, the county spent Kshs. 1 billion on recurrent programs and non-development activities. The overall absorption capacity was 12%.

I urge the stakeholders to actively scrutinise this report to take necessary action towards the enhancement of transparency and accountability in the management of public resources as enshrined in the constitution and PFM Act, 2012. This will go a long way in providing feedback towards efficient and effective service delivery and attainment of the County Government's objectives.



Hon Andrew Sigei,

CECM-Finance, Economic Planning and ICT

Abbreviations

COVID-19	Corona Virus 2019
CRF	Consolidated Revenue Fund
FY	Financial Year
ICT	Information Communication and Technology
KUSP	Kenya Urban Support Programme Kshs Kenya Shillings

Overview of the FY 2022/23 Budget

1. The County's approved budget for FY 2022/23 is Kshs. 8.28 billion, comprising Kshs.2.4 billion (29.0 percent) and Kshs.5.8 billion (71.0 percent allocation for development and recurrent programs respectively.
2. To finance the budget, the County expects to receive Kshs. 6.7 billion (81.0 percent as the equitable share of revenue raised nationally, generate Kshs.300.0 million (4.0 percent from own sources of revenue, and a cash balance of Kshs.535 million (6 percent from FY 2021/22. The County also expects to receive Kshs.761 million (9.0 percent conditional grants, which consists of Kshs.111 million Leasing of Medical Equipment, Kshs.147 million Kenya Devolution Support Program, Kshs. 52 million Kenya Urban support Program, Kshs. 27 million Danida, 83 million IDA Kenya Climate Smart Programme, Kshs.33 million Agriculture Sector Development Support Programme (ASDSP), Kshs. 147 million FLLOCA/Climate Change and Kshs.27 million for World Bank Loan for transforming health systems for universal care project, Nutrition International Kshs. 25 million, REREC Matching Funds Kshs. 5 million, Equalization Fund for the Marginalized Kshs. 26 million and Covid 19 Response Allocation Kshs. 8.2 million.
3. In the first quarter of FY 2022/23, the County received Kshs. 1.64 billion as the equitable share of the revenue raised nationally, raised Kshs.18 million as own-source revenue, and had a cash balance of Kshs.245,473 from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.657 billion which is equivalent to 20% of the total budget. This is shown as in the below Table 1.

Table 1: Bomet County Revenue Performance of FY 2022/2023 (Kshs.)

COUNTY REVENUE	Approved First Supp. FY2022/2023	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
Equitable share +Local Revenue	7,526,387,041	1,657,602,166	22%
Equitable share	6,691,099,118	1,639,319,281	24%
Local Revenue	300,000,000	18,037,412	6%
Balance C/F	535,287,923	245,473	0%
Conditional Grants from National Government Revenue	144,884,844	0	0%
User fees Forgone	0	0	0%

Conditional Grant - Leasing of Medical Equipment	110,638,298	0	0%
Equalization Fund for the Marginalized	26,037,510	0	0%
Covid 19 Response Allocation	8,209,036	0	0%
Road Maintenance Fuel Levy	0	0	0%
Conditional Allocation for development of youth Polytechnics	0	0	0%
Conditional allocations to County Governments from Loans and Grants from Development Partners	616,066,614	0	0%
World Bank Loan to for transforming health systems for universal care project	26,893,087	0	0%
Kenya Urban Support Programme	51,764,074	0	0%
KDSP (Level 1) B/F-Recurrent	10,485,221	0	0%
KDSP (Level 2 Grant) B/F-Development	136,263,103	0	0%
Nutritional International	25,305,950	0	0%
HSSF Danida	27,274,500	0	0%
IDA Kenya/Climate action	22,000,000	0	0%
IDA Kenya/Climate action/Development	125,000,000	0	0%
IDA Kenya Climate Smart Programme	83,323,430	0	0%
REREC Matching Funds	5,000,000	0	0%
Agriculture Sector Development Support Programme (ASDSP)	32,757,249	0	0%
IDA World Bank-Value Chain NAVCDP	70,000,000	0	0%
TOTAL REVENUE	8,287,338,500	1,657,602,166	20%

4. In the first quarter of FY 2022/23, the County generated a total of Kshs.18 million as own-source revenue. This amount represented an increase of 13 percent compared to Kshs.16 million realized during a similar period in the first quarter of FY 2021/22 and was 4 percent of the annual target. The increase can be attributed to fact that the county economy had stabilised due to decline in adverse economic impact of the Covid-19 pandemic.
5. Exchequer Issues. The Controller of Budget approved withdrawals of Kshs. 1.64 billion from the CRF account during the reporting period. The amount was for both recurrent and development programs.
6. Overall Expenditure Review During the reporting period, the County spent Kshs. 996 million on recurrent programs and 5.5 million on development activities.

7. Settlement of Pending Bills. As per the Auditor General report for the FY 2021/2022, the County Government had pending bills amounting Ksh. 492,299,447.97. However, most of it were settled in the first quarter the financial year 2022/2023.
8. Expenditure by Economic Classification Analysis of expenditure by economic classification indicates that Kshs. 741 million was spent on employee compensation and Kshs.254 million on operations and maintenance.

Table 2: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	First supplementary Budget FY2022/2023	Q1 Expenditure	Absorption %
EXECUTIVE TOTAL	7,192,138,652	933,850,212	13%
Personal emoluments	2,805,094,971	703,874,651	25%
Operation & maintenance	2,197,860,199	225,802,261	10%
Development	2,189,183,482	4,173,300	0%
COUNTY ASSEMBLY	1,095,199,848	67,442,698	6%
Personal emoluments	332,289,260	37,511,491	11%
Operation & maintenance	512,910,588	28,622,707	6%
Development	250,000,000	1,308,500	1%
COUNTY TOTAL	8,287,338,500	1,001,292,910	12%
Personal emoluments	3,137,384,231	741,386,142	24%
Operation & maintenance	2,710,770,787	254,424,968	9%
Development	2,439,183,482	5,481,800	0%
Personal emoluments	38%	74%	
Operation & maintenance	33%	25%	
Development	29%	1%	

Expenditure on Personnel Emoluments

9. Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 percent of the County's total revenue. Expenditure on

compensation to employees was 24 percent of the total PE Budget for the financial year 2022/23 and 45 percent of the first quarter proportional revenue of Kshs. 1 billion.

Development Expenditure

10. There expenditure on development programs was very low compared to the recurrent expenditure for the period under review.

Budget Performance by Department

11. Analysis of expenditure by Department shows that the Department of County Executive and Public service in general recorded the highest absorption rate of budget of 24% and 22% respectively. It's noted that the department of Lands, Housing and Urban Planning, Trade, Tourism and Industry (TETTI), Agriculture, Youth, Gender and social services together with ICT reported did not report any expenditure on both recurrent and development activities. The County and Enterprise Unit had the highest percentage of absorption 33% on recurrent expenditure followed by the Department of Health and Medical services with 27% as shown in Table 3 below;

Table 3: Budget Performance by Department

Department	First supplementary	1st Quarter	Absorption Rate
COUNTY EXECUTIVES	216,673,227	51,210,000	24%
Personal emoluments	-	-	0%
Operation & maintenance	216,673,227	51,210,000	24%
PSB	44,645,188	9,000,000	20%
Operation & maintenance	44,645,188	9,000,000	20%
Development	-	-	0%
ADMINISTRATION	155,015,962	4,600,000	3%
Operation & maintenance	121,015,962	4,600,000	4%
Development	34,000,000	-	0%
PUBLIC SERVICE	1,790,419,357	402,537,379	22%
Personal emoluments	1,627,594,971	394,267,019	24%
Operation & maintenance	162,824,386	8,270,360	5%
Development	-	-	0%
ICT	37,478,654	-	0%
Operation & maintenance	22,478,654	-	0%
Development	15,000,000	-	0%
FINANCE	309,000,000	63,448,500	21%
Operation & maintenance	249,066,000	63,448,500	25%
Development	59,934,000	-	0%
ECONOMIC PLANNING	289,203,371	30,882,900	11%
Operation & maintenance	130,940,268	26,709,600	20%
Development	158,263,103	4,173,300	3%
LANDS,HOUSING AND URBAN PLANNING	321,918,102	-	0%
Personal emoluments	40,000,000	-	0%
Operation & maintenance	61,341,836	-	0%
Development	220,576,266	-	0%
YOUTH, SPORTS, GENDER AND CULTURE	70,075,700	-	0%
Operation & maintenance	50,575,700	-	0%
Development	19,500,000	-	0%
MEDICAL SERVICES & PUBLIC HEALTH	1,959,672,464	355,225,632	18%
Personal emoluments	1,137,500,000	309,607,632	27%
Operation & maintenance	620,434,596	45,618,000	7%
Development	201,737,868	-	0%

EDUCATION AND VOCATIONAL TRAINING	387,453,703	3,340,801	1%
Operation & maintenance	241,510,870	3,340,801	1%
Development	145,942,833	-	0%
WATER SANITATION AND ENVIRONMENT	512,451,220	300,000	0%
Operation & maintenance	151,944,120	300,000	0%
Development	360,507,100	-	0%
AGRICULTURE COOPERATIVES AND MARKETING	384,817,988	-	0%
Operation & maintenance	27,437,309	-	0%
Development	357,380,679	-	0%
ROADS, PUBLIC WORKS & TRANSPORT	550,062,200	6,000,000	1%
Operation & maintenance	58,712,200	6,000,000	10%
Development	491,350,000	-	0%
TRADE, ENERGY, TOURISM, INDUSTRY AND INVESTMENT	71,739,882	-	0%
Operation & maintenance	16,239,882	-	0%
Development	55,500,000	-	0%
CO-OPERATIVES AND ENTERPRISE DEVELOPMENT	91,511,633	7,305,000	8%
Operation & maintenance	22,020,000	7,305,000	33%
Development	69,491,633	-	0%
EXECUTIVE TOTAL	7,192,138,652	933,850,212	13%
COUNTY ASSEMBLY	1,095,199,848	67,442,698	6%
Personal emoluments	332,289,260	37,511,491	11%
Operation & maintenance	512,910,588	28,622,707	6%
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Personal emoluments	38%	74%	
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Key Observations

15. In the course of implementation of the County budget, the following challenges have been noted;

- a) Low absorption of development funds in the first quarter of FY 2022/23 from the annual development budget allocation of Kshs. 2.4 billion is mainly due to lengthy procurement process and inadequate staff capacity of revenue staff.
- b) The performance of own revenue at Kshs. 18 million against an annual projection of Kshs.300 million representing 6 percent of the annual target is hampered mainly due to existing revenue leakages.
- c) Delay in disbursement of devolved funds from the national exchequer affected implementation of projects.